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FEDERAL COMMUNICATIONS COMMISSION
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Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In Matter of	)	
Access Charge Reform	)	CC Docket No. 96-262
Complete Detariffing for Competitive Access Providers and Competitive Local Exchange Carriers	)	CC Docket No. 97-146

To: The Commission

REPLY COMMENTS OF CENTENNIAL COMMUNICATIONS CORP.

Centennial Communications Corp. ("Centennial"), by its attorneys and pursuant to the Commission's Public Notice released on June 16, 2000 (DA 00-1268), submits these reply comments in the above-captioned proceeding. Centennial is a Competitive Local Exchange Carrier ("CLEC") in Puerto Rico, and has applied for CLEC status in Florida, in addition to providing wireless service in nine states.[1] Centennial concurs with the view expressed in many initial comments filed in this proceeding that mandatory detariffing of CLEC access services would not be in the public interest. In addition, Centennial's experience in the CLEC marketplace in Puerto Rico demonstrates that permissive detariffing would be a far better solution to the concerns the Commission has identified. Therefore, Centennial recommends that the Commission institute permissive detariffing at the option of the carrier for the reasons outlined below.

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List A B C D E

[1] In Florida, Centennial has applied for CLEC status as Centennial Florida Switch Corp.

I. PERMISSIVE DETARIFFING WOULD BEST SERVE THE DEVELOPMENT OF COMPETITION IN THE INTERSTATE ACCESS MARKETPLACE.

Tariffs facilitate new, swift entry into the competitive marketplace by CLECs and interexchange carriers ("IXCs"). New entrants can begin to offer their services as soon as they have filed a tariff, without first negotiating a multitude of agreements with other carriers in order to terminate their traffic. Given that there are now hundreds of IXCs with which a CLEC might have to negotiate a contract, a tariff offers a tremendous benefit, given the expense and delay of such extensive negotiations. Simply stated, tariffs cut costs for CLECs.

A tariff also offers a distinct benefit over a lengthy contract for a new, competitive carrier. Often, a CLEC will sell its services to a customer based on the proposition that it is easier to do business with than the incumbent local exchange carrier ("ILEC.") It is much easier for a CLEC to make this claim if it does not have to employ an extensive contract filled with details concerning limitation of liability and other legal matters. Instead, the end-user agreement can be short, understandable, and reference the tariff. Because tariffs are efficient, they can help a CLEC be more customer-friendly.

Sometimes, however, a CLEC may want to offer rates, terms and conditions other than those specified in the tariff. In those circumstances, it would be a benefit to a CLEC to be able to negotiate a specific arrangement with a customer. Permissive detariffing would allow this sort of competitive discretion on the part of CLECs.

In contrast, mandatory detariffing would impose a multitude of expensive and onerous burdens on CLECs. Currently, many CLECs' customer contracts reference a tariff concerning certain terms and conditions of service. If mandatory detariffing were imposed, all of these customer agreements would have to be amended and replaced immediately, a very costly undertaking. Moreover, CLECs would have to negotiate a host of agreements concerning termination of traffic with other carriers. All of this activity would have to take place at once, in the absence of an effective tariff. This would be extraordinarily resource-intensive for CLECs. CLECs would have to turn their focus from marketing, customer satisfaction and facilities build-out to making sure all customers and carriers had the proper legal paperwork. This seems contradictory to developing stronger, more effective competition in the marketplace, especially since ILECs will not have to detariff their access services. As AT&T pointed out in response to the Hyperion notice of proposed rulemaking, mandatory detariffing would place CLECS at a serious competitive disadvantage compared to incumbents:

> Because ILECs will continue to exercise market power over access services for the foreseeable future, the Commission properly requires them to file tariffs for their access services. However, the existence of such tariffs means that the ILECs need not incur any costs to create switched access arrangements with any IXCs; rather, they can rely on their tariffs to establish a clear, binding legal obligation on IXCs to pay access charges. The disadvantage faced by CLECs who are denied the option of filing tariffs is substantially compounded by the costs of and risks attributable to litigation with recalcitrant access customers concerning their obligation to comply with their access terms. The Commission should be especially reluctant to adopt any proposal that would provide the entrenched incumbents with an additional cost advantage over new entrants.[2]

In summary, mandatory detariffing would impose serious competitive consequences on CLECs that would not be shared by ILECs. This would not support the Commission's goal of creating a more competitive telecommunications marketplace. In contrast, permissive detariffing would provide the utmost flexibility to CLECs in addressing market conditions. Therefore, Centennial recommends that the Commission order permissive detariffing at the carrier's option.

II. THE COMMISSION SHOULD PERMIT THE MARKETPLACE TO WORK.

In Puerto Rico, the marketplace for access services is working. Centennial competes with many carriers, including Sprint, TLD and AT&T, to provide access services. Centennial

[2] *See* Comments of AT&T in CC Docket 97-146 (filed September 17, 1997) at 6-7, cited in Comments of CTSI, Inc., RCN Telecom Services, Inc., and Telergy, Inc. at 6.

has to provision its services quicker, and offer lower prices, in order to compete successfully. Centennial's experience demonstrates that competition is the cure for excessive access charges, not mandatory detariffing. Although Centennial's major competitors would not have to bear the costs and risks of mandatory detariffing, Centennial would have to do so. It is unclear why Centennial should have to suffer such a competitive disadvantage.

As ALTS points out, the evidence is lacking that there is a widespread problem with unreasonable CLEC access charges.[3] Centennial concurs with ALTS' explanation of how CLEC rate structures might differ from ILECs', but their per-minute access rates would not be excessive or unreasonable compared to the ILEC combined access rates (adjusted to include other flat rate charges.)[4] For example, like many CLECS, Centennial has been building out its infrastructure in Puerto Rico in order to offer better service to customers. Such an infrastructure build-out can raise the cost of access charges, but in no way should it be deemed "excessive." Even MCI, which has endorsed mandatory detariffing in comments filed in this proceeding, agreed that ILEC rates are not an appropriate benchmark for CLEC access rates. Specifically, MCI acknowledged that there are numerous reasons for CLECs to legitimately charge more for access services than a large ILEC, including different rate structures, economies of scale, and the presence of high start-up costs.[5] In summary, Centennial's experience in Puerto Rico demonstrates that the market works, and the Commission should permit it to continue to do so.

[3] *See* Comments of the Association for Local Telecommunications Services ("ALTS") at 1-2.

[4] Id.

[5] *See* Reply Comments of MCI WorldCom filed Nov. 29, 1999 in CC Docket No. 96-262, at 20-21, and cited in ALTS' Comments at 2.

III. MANDATORY DETARIFFING WOULD CREATE MORE, NOT LESS WORK FOR THE COMMISSION.

Centennial concurs with ALTS that, although the Commission might reduce the administrative costs of maintaining tariffs if it imposed mandatory detariffing, the resulting increase in requests that the Commission resolve disputes between IXCs and CLECs, as well as consumer complaints would eclipse any such economies.[6] As ALTS points out, requiring mandatory detariffing would not provide an even-handed market solution but would require more Commission intervention to resolve disputes between CLECs and IXCs because of their unequal bargaining power.[7] The difficulties that CLECs have experienced in negotiating interconnection agreements pursuant to Section 252 of the Telecommunications Act of 1996 should supply the Commission with a vivid picture of the likely outcome of IXC/CLEC negotiation of access rates.

Centennial concurs with the numerous carriers that have asserted that adoption of a mandatory detariffing policy for CLEC access charges would not meet the public interest test required by Section 10 of the Telecommunications Act of 1996. Specifically, ALTS points out that the record already developed in Docket Nos. 96-262 and 97-146 demonstrates that mandatory detariffing is not supported by the industry and is not in the public interest.[8] Centennial's experience in negotiating interconnection and other agreements with ILECs supports the arguments of ALTS and other carriers in this proceeding that mandatory detariffing of CLEC access charges would not be in the public interest.

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[6] *See* Comments of ALTS at 11.

[7] Id. at 11-12.

[8] Id. at 3.

III. CONCLUSION.

For the reasons outlined above, Centennial Communications Corp. respectfully requests that the Commission not impose mandatory detariffing for CLEC access charges. Instead, a policy of permissive detariffing at the option of the carrier would enhance competition and support the Commission's long-range goal of developing a self-regulating market for telecommunications services.

Respectfully submitted,

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Date: July 24, 2000

CERTIFICATE OF SERVICE

I, Debra Sloan, hereby certify that on this 24th day of July, 2000, I caused a copy of the foregoing Reply Comments of Centennial Communications Corp. to be sent via hand delivery(*)or regular mail to the following:

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